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**Financial Report**  
**FIRE PROTECTION DISTRICT NO. 3**  
**OF LAFOURCHE PARISH**  
**June 30, 2007**

**Audit of Financial Statements**

**June 30, 2007**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

1/30/08

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Board of Commissioners  
**Fire Protection District No. 3**  
**of Lafourche Parish**

INDEPENDENT AUDITOR'S REPORT

I have audited the accompanying financial statements of the governmental activities, and each major fund of **Fire Protection District No. 3 of Lafourche Parish**, component unit of the Lafourche Parish Council, as of and for the year ended June 30, 2007, which collectively comprise the Fire Protection District NO. 3 of Lafourche Parish's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of **Fire Protection District No. 3 of Lafourche Parish** management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of **Fire Protection District No. 3 of Lafourche Parish** as of June 30, 2007, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated December 19, 2007 on my consideration of **Fire Protection District No. 3 of Lafourche Parish** internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

## INDEPENDENT AUDITOR'S REPORT

(Continued)

The management's discussion and analysis and budgetary comparison information as listed in the table of contents (Required Supplementary Schedules) are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fire Protection District No. 3 of Lafourche Parish's basic financial statements. The accompanying supplementary schedule of Commissioners' Per Diem as listed in the table of contents (Other Supplementary Schedules and Reports) is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Aldon G. Wahl, Jr.  
Certified Public Accountant

December 19, 2007

## **MANAGEMENT DISCUSSION AND ANALYSIS**

The management's discussion and analysis of the Fire Protection No. 3 of Lafourche Parish financial performance presents a narrative overview and analysis of the financial activities for the year ended June 30, 2007. This document focuses on the current year's activities, resulting changes and currently known facts. Please read this document in conjunction with the Fire District's financial statements.

### **Financial Highlights**

- Cash and cash equivalents increased by \$181,489 to \$4,428,222 at June 30, 2007 from June 30, 2006 amount of \$4,246,733.
- Total assets increased by \$ 601,653 to \$ 7,356,378 at June 30, 2007 from the June 30, 2006 amount of \$ 6,754,725.
- Total net assets increased \$ 749,033 to \$ 7,250,450 at June 30, 2007 from the June 30, 2006 amount of \$ 6,501,417.
- Total liabilities decreased \$147,380 to \$105,928 at June 30, 2007 from the June 30, 2006 amount of \$253,308.

### **Overview of the basic financial statements**

This discussion and analysis is intended to serve as an introduction to the Fire District's financial statements, which is comprised of government wide-financial statements, fund financial statements and notes to the financial statements.

The government-wide financial statements present financial information for all activities of the Fire District from an economic resources measurement focus using the accrual basis of accounting. They present governmental activities, such as general government, separately from business-type activities. The Fire District has only governmental activities. Government-wide financial statements for governmental activities include the Statement of Net Assets and the Statement of Activities. They provide information about the activities of the Fire District as a whole and present a longer-term view of the Fire District's finances.

The Fire District has one governmental type fund – a General Fund. The fund financial statements are comprised of the Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance. These statements report how the Fire District's fire protection services were financed in the short term as well as what remains for future spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Fire District's general operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Fire District's programs. Fund financial statements also report the Fire District's operations in more detail than the government wide statements by providing information about the Fire District's major fund. We describe the relationship (or differences) between the governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and the governmental fund in a reconciliation at the bottom of the fund financial statements.

*Financial Analysis of the Fire District*

The following presents condensed financial information on the operations of the Fire District:

	June 30, 2007	June 30, 2006	Change Inc (Dec)
Current Assets	\$4,518,588	\$ 4,464,279	\$ 54,309
Capital Assets, net	2,837,790	2,290,446	547,344
<b>Total Assets</b>	<b>7,356,378</b>	<b>6,754,725</b>	<b>601,653</b>
Current Liabilities	105,928	253,308	(147,380)
Long Term Liabilities	-	-	-
<b>Total Liabilities</b>	<b>105,928</b>	<b>253,308</b>	<b>(147,380)</b>
Net Assets Invested in Capital Assets	2,837,790	2,290,446	547,344
Reserved for Debt Service	-	-	-
Unrestricted Net Assets	4,412,660	4,210,971	201,689
<b>Total Net Assets</b>	<b>7,250,450</b>	<b>6,501,417</b>	<b>749,033</b>
Program Revenues:			
Capital Grants and Contributions	-	-	-
General Revenues			
Taxes	2,263,037	2,117,080	145,957
Investment	158,472	137,643	20,829
Intergovernmental Revenues			
State Revenue Sharing	21,725	21,713	12
Insurance rebate	80,366	74,993	5,373
Fema	90,858	30,547	60,311
Other	24,967	24,246	721
<b>Total General Revenues</b>	<b>2,639,425</b>	<b>2,406,222</b>	<b>233,203</b>
<b>Total Revenues</b>	<b>2,639,425</b>	<b>2,406,222</b>	<b>233,203</b>
<b>Total Expenses</b>	<b>1,890,392</b>	<b>1,609,552</b>	<b>280,840</b>
<b>Change in Net Assets</b>	<b>\$ 749,033</b>	<b>\$ 796,670</b>	<b>\$ (47,637)</b>

The Fire District's net assets increased by \$ 749,033 during the fiscal year ended June 30, 2007 primarily due to an increase in intergovernmental revenues, ad valorem taxes, and investment income for the current year.

#### Analysis of Individual Funds of the Fire District

The activity in the individual funds is reflected in the Balance Sheet – Governmental Fund and the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Fund. The total net assets and the change in net assets as reflected in the government-wide financial statements (which are condensed above) are reconciled with the fund financial statements at the bottom of the respective statements.

#### Analysis of Budgeted Amounts

A comparison of budget to actual for the general fund is presented as a required supplemental statement. The annual budget is approved by the Board of Commissioners each year. The budget is then submitted no later than fifteen days prior to the end of each fiscal year for the succeeding fiscal year for review. The fiscal year ended June 30, 2007 original budget was adopted June 26, 2006 and was not amended.

The Fire District prepares the original budget for the subsequent year based on estimates of revenues and expenses for the current year. The Fire District makes assumptions about the subsequent year based on various factors available to management at the time the original budget is prepared. Management relies on these estimates and assumptions to determine how revenues and expenses for the subsequent year may fluctuate from the previous year.

The Fire District's general fund revenues were more than budgeted amounts by \$437,845, while expenditures were less than budgeted amounts by \$1,908,044. The difference in revenue was primarily due to an increase in intergovernmental revenue, tax revenue and interest income compared to budgeted amounts. The difference in expenses was due primarily to capital expenditures, salaries and insurance being less than projected for the year ended June 30, 2007.

#### Economic Factors and Next Year's Budgets

Tax revenues should be slightly higher than the prior year. Since the taxable base has been increasing over the past few years, which has resulted in an increase in total tax revenues for the Fire District. The Fire District's budget for 2008 will include anticipated cost for capital outlay. The total amount budgeted in 2008 for capital outlay is projected to increase to \$2,811,835. Personnel expenses are projected to increase. Insurance is expected to decrease. The Fire District does not expect any significant variances for any other revenue or expenditure accounts between fiscal years ending June 30, 2007 and June 30, 2008.

### Capital Assets

As of June 30, 2007 the Fire District had \$ 2,837,790 (net of depreciation) invested in a broad range of capital assets including land, buildings, equipment and fire trucks. During the current year the Fire District recorded \$ 912,002 of capital acquisitions. The North Larose station was completed as of June 30, 2007 - \$161,263 was capitalized in the current year. The new radio system and radio room were completed as of June 30, 2007 - \$218,534 was capitalized in the current year. \$532,225 of fire trucks and other equipment were also purchased during the year ended June 30, 2007. Depreciation expense of \$ 364,658 was recorded.

### Operating Performance

	<u>2007</u>	<u>Year Ended June 30, 2006</u>
Incidents Dispatched		
Fire	468	535
Ambulance	3313	3379
Emergencies	2588	2529
Transfers	725	850
Harbor Police	1358	0
Breakdown of Fire Incidents Dispatched/Responded		
Structure Fire Incidents	37	30
Vehicle Fire Incidents	17	22
Other Fire Incidents	104	157
Rescue/Emergency Medical Incidents	93	90
False Alarm Incidents	67	61
Hazardous Incidents	58	70
All Other Incidents	92	104

### Contacting the Fire District's Financial Management

This report is designed to provide our citizens, taxpayers and creditors with a general overview of the Fire District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions regarding this report, or need additional financial information, contact:

Fire Protection District No. 3 of Lafourche Parish  
P. O. Drawer 910  
Galliano, LA 70354



**FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH  
STATEMENT OF NET ASSETS  
JUNE 30, 2007**

**ASSETS**

Cash and cash equivalents	\$	4,428,222
Accounts receivable		90,366
Property and equipment, net		<u>2,837,790</u>
Total assets		<u><u>7,356,378</u></u>

**LIABILITIES AND NET ASSETS**

Liabilities

Accounts payable	\$	<u>105,928</u>
Total liabilities	\$	<u>105,928</u>

Net assets

Invested in Capital Assets		2,837,790
Unrestricted		<u>4,412,660</u>
Total net assets	\$	<u><u>7,250,450</u></u>

See accompanying notes to financial statements

**FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2007**

Functions/programs	PROGRAM REVENUES			Net Revenue and Change in Net Assets Governmental Activities
	Expenses	Charges for Services	Capital Grants and Contributions	
Public safety				
Fire protection	\$ 1,890,392	\$ -	\$ -	\$ (1,890,392)
Total governmental activities	\$ 1,890,392	\$ -	\$ -	\$ (1,890,392)
General revenues:				
Taxes				2,263,037
Intergovernmental revenues:				
State revenue sharing				21,725
Insurance Rebate				80,366
FEMA				90,858
Unrestricted investment earnings				158,472
Miscellaneous				24,967
Total general revenues				2,639,425
Change in net assets				749,033
Net assets - beginning of the year				6,501,417
Net assets - end of the year				\$ 7,250,450

See accompanying notes to financial statements

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH  
BALANCE SHEET – GOVERNMENTAL FUND

June 30, 2007

GENERAL  
FUND \_\_\_\_\_

ASSETS

Cash and cash equivalents	\$4,428,222
Accounts receivable:	
Insurance rebate	80,366
Communication services	<u>10,000</u>
Total assets	<u>\$4,518,588</u>

LIABILITIES AND FUND BALANCE

Accounts payable	\$ 105,928	
Total liabilities	<u>105,928</u>	
Fund balance		
Fund balance - unrestricted,		
undesignated	<u>4,412,660</u>	<u>4,412,660</u>
Total fund balance	<u>4,412,660</u>	<u>4,412,660</u>
Total liabilities and fund balance	<u>\$4,518,588</u>	

Amounts reported for governmental activities in the statement of net assets are different because:

The purchase of capital assets are reported as expenditures as they are incurred in the governmental funds. The statement of net assets reports capital outlays as an asset of the District. These capital assets are depreciated over their estimated useful lives in the statement of activities and are not reported in the governmental funds.

Total cost of capital assets	6,311,915
Accumulated depreciation related to those assets	<u>(3,474,125)</u>
Net assets of governmental activities	<u>\$7,250,450</u>

See accompanying notes to financial statements

**FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE**  
**GOVERNMENTAL FUND**  
For the year ended June 30, 2007

General  
Fund

**REVENUES**

Ad valorem taxes	\$2,263,037
Intergovernmental	192,949
Interest income	158,472
Miscellaneous	<u>24,967</u>
Total revenues	<u>2,639,425</u>

**EXPENDITURES**

Public safety:

Current:

Salaries and related benefits	726,243
Professional Services	5,828
Collection expense	71,819
Insurance	291,525
Dues and subscriptions	1,737
Repairs and maintenance	113,045
Supplies	37,252
Telephone	21,714
Travel and schooling	16,495
Utilities	47,870
Uniforms	17,140
Radio and contracts	10,508
Equipment – expendables and repair	24,183
Physicals	1,421
Fuel	23,438
Miscellaneous	29,201
Capital outlay	<u>998,317</u>
Total expenditures	<u>2,437,736</u>

Excess (deficiency) of revenues over expenditures	201,689	<u>201,689</u>
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Fund balances - July 1	<u>4,210,971</u>
Fund balances - June 30	<u>4,412,660</u>

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is capitalized in the statement of net assets. This is the amount by which capital outlays exceeded depreciation expense during the year.

547,344

Change in net assets of governmental activities

\$ 749,033

See accompanying notes to financial statements.

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH  
NOTES TO FINANCIAL STATEMENTS

INTRODUCTION

Fire Protection District No. 3 of Lafourche Parish was created by the Policy Jury of the Parish of Lafourche on May 13, 1953. The district serves the area of Lafourche Parish three miles north of the Intracoastal Waterway, south to the Jefferson Parish line, west to the Terrebonne Parish line along LA 24 in the community of Grand Bois. The district provides fire protection services.

NOTE A - Summary of Significant Accounting Policies

In June 1999, the Governmental Accounting Standards Board (GASB) approved Statement No. 34., "*Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*". The Fire District elected to implement the provisions of this statement for the year ended June 30, 2004. The implementation of this statement has created additional statements, schedules, reports, and note disclosures as follows:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the overall financial position and results of operations.
- Financial Statements are prepared using the full accrual accounting methods:
  - Depreciation is recorded on depreciable assets and property and equipment (including infrastructure) is recorded net of accumulated depreciation.
- The basic financial statements include Government-Wide Statements and Fund Financial Statements, as explained in the following note disclosures:

**BASIS OF PRESENTATION**

The financial statements of the Fire Protection District No. 3 of Lafourche Parish have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Government Accounting Standards board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**REPORTING ENTITY**

Government Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the reporting entity for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH  
NOTES TO FINANCIAL STATEMENTS

NOTE A - Summary of Significant Accounting Policies (continued)

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the Parish to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Parish.
2. Organizations for which the Parish does not appoint a voting majority but are fiscally dependent on the Parish.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the Lafourche Parish Council appoints two of the four appointed members of the district's governing board and they in turn select a chairperson who is ratified by the Council and has the ability to impose its will on the Fire District, the Fire District was determined to be a component unit of Lafourche Parish. The accompanying financial statements present information only on the funds maintained by the Fire District and do not present information on Lafourche Parish, the general government services provided by that government unit, or the other governmental units that comprise the financial reporting entity.

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as *general revenues*. Major individual governmental funds are reported as separate columns in the fund financial statements.

Policies specific to the government-wide financial statements are as follows:

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH  
NOTES TO FINANCIAL STATEMENTS

NOTE A - Summary of Significant Accounting Policies (continued)

Eliminating Internal Activity

Interfund receivables and payables are eliminated in the Statement of Net Assets except for the net residual amounts due between governmental and business-type activities. These are presented as internal balances. The Fire District has no business-type activities.

Application of FASB Statements and Interpretations

Reporting on governmental-type activities is based on FASB Statements and Interpretations issued after November 30, 1989, except where they conflict or contradict GASB pronouncements.

Capitalizing Assets

Assets used in operations with an initial useful life that extends beyond one year are capitalized. Buildings, equipment, furniture and fixtures and infrastructure are depreciated over their estimated useful lives. Depreciation is not calculated on land, land improvements or construction in progress. Accumulated depreciation is recorded net of depreciable assets in the Statements of Net Assets.

Program Revenues

The Statement of Activities presents two categories of program revenues – (1) charges for services and (2) capital grants and contributions.

Charges for services – are revenues from exchanges or exchange like transactions with external parties that purchase, use or directly benefit from the program's goods, services, or privileges. These revenues include fees charged for specific services, licenses and permits, and operating special assessment, and include payments from exchange transactions with other governments. The Fire District receives no fees for services.

Capital grants and contributions – are resources that are restricted for operating purposes of a program. They include grants and contributions with restrictions that permit the resources to be used for programs operating of capital needs at the recipient government's discretion.

Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH  
NOTES TO FINANCIAL STATEMENTS

NOTE A - Summary of Significant Accounting Policies (continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within thirty-one days after the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred as under accrual accounting.

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to various governmental funds according to the purpose for which they may or may not be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

The Fire District reports the following major governmental fund:

General Fund

The General Fund is the general operating fund of the Fire District. It is used to account for all financial resources except those required to be accounted for in other funds.

Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon thereafter to be used to pay the liabilities of the current fiscal year. For the Fire District, available means expected to be received within thirty-one days of fiscal year-end. Under the modified accrual basis, only interest is considered to be both measurable and available at fiscal year-end.

Non-exchange transactions, in which the Fire District receives value without directly giving value in return, includes grants and donations. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements including timing requirements, which specify the year when resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Fire District must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the Fire District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized.



FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH  
NOTES TO FINANCIAL STATEMENTS

NOTE A - Summary of Significant Accounting Policies (continued)

Revenues – Taxes

Ad valorem taxes are assessed on a calendar year basis, become due on November 15th of each year, and become delinquent on December 31st. The taxes are generally collected in December, January and February of the fiscal year. Ad valorem taxes (which are based on population and homesteads in the parish) are recorded in the year the taxes are received. If taxes were recorded when assessed the amount recorded would not be materially different from the amount in the financial statements.

Expenses/Expenditures

On an accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable.

Other Financing Sources (Uses)

In governmental fund accounting, transfers between funds, which are not expected to be repaid, are accounted for as other financing sources (uses). In those cases where repayment is expected, the advances are accounted for through the various "due from" and "due to" accounts. These amounts are eliminated in the government-wide financial statements.

Proceeds from the issuance of bonds are accounted for as other financing sources in the governmental funds. These amounts are recorded as liabilities in the government-wide financial statements.

Property and Equipment

Property and Equipment are recorded at cost, if purchased or constructed. Assets acquired through contributions are capitalized at their estimated fair value, if available, or at estimated fair value or cost to construct at the date of the contribution. Equipment includes all items valued above \$ 500. Assets are depreciated using the straight-line method over the useful lives of the assets as follows:

<u>Asset</u>	<u>Years</u>
Fire Trucks	15
Other Motor Vehicles	5
Equipment	5-10
Furniture, Office Equipment	5
Buildings and Improvements	40

Under GASB Statement No. 34 the government-wide financial statements and the fund financial statements do not include the General Fixed Asset Account Group.

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH  
NOTES TO FINANCIAL STATEMENTS

NOTE A - Summary of Significant Accounting Policies (continued)

Long-Term Obligations

Long-term obligations are reported at face value.

Under GASB Statement No. 34 the government-wide financial statements and the fund financial statements do not include the General Long Term Debt Account Group.

**BUDGET PRACTICES**

The budget practices of the fire district are prescribed by the Louisiana Local Government Budget Act. The act requires the district to have the budget completed and available for public inspection no later than fifteen days prior to the beginning of each fiscal year.

The fire district prepares a budget for its fund. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). The budget was not amended during the fiscal year.

Amendments to the budget must be approved by the board.

Appropriations which are not expended lapse at year end.

**ENCUMBRANCES**

Encumbrance accounting is not utilized by the fire district.

**CASH AND INVESTMENTS**

**CASH AND CASH EQUIVALENTS**

Cash and cash equivalents includes demand deposits in banks. It included all cash on deposit at banks, including certificates of deposit with an original maturity of less than 90 days. If the original maturity exceeds 90 days they are classified as investments. Investments consist primarily of time certificates of deposit. At June 30, 2007 the district had no certificates of deposit.

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States, certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana or any other federally insured investments, guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations.

Louisiana state law requires deposits (cash and certificates of deposits) of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes the FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

The market value of the demand deposits is equal to their cost.

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH  
NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

COMPENSATED ABSENCES

ANNUAL AND SICK LEAVE

Full time employees accumulate annual leave at a rate of 3.08 hours per pay day for the first five years of employment and at a rate of 4.62 hours thereafter. Full-time employees accumulate sick leave at a rate of 2.5 hours per pay day. (Pay days are bi-weekly.) The maximum accumulation is 377 hours for supervisory personnel and 277 hours for all other personnel. Once the maximum is met the employee is paid one hours pay for every two hours over maximum. The liability for leave privileges at June 30, 2007 is estimated to be \$41,495 which is recorded as a liability in the government-wide financial statements.

COMPENSATORY LEAVE

Compensation paid will be based on the employee's hourly rate of pay at termination or transfer. The liability for accrued payable compensatory leave at June 30, 2007 is estimated to be \$17,296 which is recorded as a liability in the government-wide financial statements.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE B – DEPOSITS (Cash and Certificates of Deposit)

CASH AND CASH EQUIVALENTS

The carrying amounts of the district's deposits are as follows for the year ended June 30, 2007:

Demand deposits	\$4,428,222
Certificates of deposits	<u>\$4,428,222</u>

Cash and cash equivalents are stated at cost, which approximates market.

**FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH  
NOTES TO FINANCIAL STATEMENTS**

**NOTE B – DEPOSITS – (Cash and Certificates of Deposits )(continued)**

**DEPOSITS**

Under State law, deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in the name of the district in a custodial bank.

GASB Statement No. 40, which amended GASB Statement No. 3, only requires disclosure of deposits that are considered to be exposed to custodial credit risk. An entity's deposits are exposed to custodial credit risk if the deposit balances are either:

- 1) uninsured and uncollateralized,
- 2) uninsured and collateralized with securities held by the pledging financial institution or
- 3) uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name

At June 30, 2007, the Fire District had no deposits that were required to be reported in any of the three categories listed above.

**NOTE C – CAPITAL ASSETS**

**PROPERTY, PLANT AND EQUIPMENT**

At June 30, 2007, the Fire District reported the following capital assets valued at historical cost. A summary of changes in capital assets is as follows:

The following changes occurred in the property and equipment account:

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH  
NOTES TO FINANCIAL STATEMENTS

NOTE C- CAPITAL ASSETS

PROPERTY, PLANT AND EQUIPMENT (continued)

	Balance June 30 2006	Additions	Deletions	Balance June 30 2007
<u>Capital Assets Not Being Depreciated</u>				
Land	\$ 152,019	\$ ---	\$ ---	\$ 152,019
Construction in Progress	416,622	---	416,622	0
Total Assets Not Being Depreciated	<u>568,641</u>	<u>---</u>	<u>416,622</u>	<u>152,019</u>
<u>Capital Assets, Being Depreciated:</u>				
Buildings and Improvements	\$ 688,980	\$ 405,886	\$ ---	\$ 1,094,866
Equipment	4,142,292	922,738	---	5,065,030
Total Capital Assets Being Depreciated	<u>\$ 4,831,272</u>	<u>1,328,624</u>	<u>---</u>	<u>\$ 6,159,896</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 316,063	\$ 27,372	\$ ---	\$ 343,435
Equipment	2,793,404	337,286	---	3,130,690
Total Accumulated Depreciation	<u>3,109,467</u>	<u>364,658</u>	<u>---</u>	<u>3,474,125</u>
Total Capital Assets Being Depreciated, Net	<u>1,721,805</u>	<u>963,966</u>	<u>---</u>	<u>2,685,771</u>
Total Capital Assets, Net	<u>\$ 2,290,446</u>	<u>\$ 963,966</u>	<u>416,622</u>	<u>\$2,837,790</u>

Depreciation expense for the year ended June 30, 2007 was \$ 364,658.

## FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH

### NOTES TO FINANCIAL STATEMENTS

#### NOTE D – COOPERATIVE ENDEAVOR AGREEMENTS

During the year the Fire District was party to a Cooperative Endeavor agreement with Ambulance Service District No. 1 of Lafourche Parish to provide communication services, including dispatching of calls, on a twenty-four hour a day basis, seven days a week for the Ambulance District at a fee of \$5,000 per quarter.

During the year the Fire District entered an agreement with Greater Lafourche Port Commission to provide communication services, including dispatching of calls, on a twenty-four hour a day basis, seven days a week for the Port Commission at a fee of \$31,000 per year payable at \$2,583 per month.

#### NOTE E – OTHER POST EMPLOYMENT BENEFITS

The Fire District has no Other Post Employment Benefits.

#### NOTE F – PER DIEM PAID BOARD MEMBERS

Per diem payments are presented on Schedule II. The per diem payments are authorized by Louisiana Revised Statute 40:1498A.

#### NOTE G - PENSION PLAN

During the year ended June 30, 2002 the district established a plan under Section 408(p) of the Internal Revenue Code. Employees who are reasonably expected to receive at least \$5,000 in compensation for the calendar year or who received at least \$5,000 in the previous calendar year are eligible to participate in the plan. Employees are 100% vested at the time of the contribution. The plan does not issue a stand-alone report.

#### SPECIFIC PROVISIONS

1. Employees are allowed to contribute an amount up to the lesser of \$10,000 (\$12,500 if age 50 or older) or the employee's gross earnings.
2. The employer's matching contribution rate was three (3) percent of gross wages of participating employees.
3. (a) Matching contributions:
  - (i) For each calendar year, the Employer will contribute a matching contribution to each eligible employee's account equal to the employee's salary reduction contributions up to a limit of 3% of the employee's compensation for the calendar year.
  - (ii) The employer may reduce the 3% limit for the calendar year in (i) only if:
    - (1) The limit is not reduced below 1%; (2) The limit is not reduced for more than 2 calendar years during the 5-year period ending with the calendar year the reduction is effective; and (3) Each employee is notified of the reduced limit within a reasonable period of time before the employees' 60-day election period for the calendar year.

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH

NOTES TO FINANCIAL STATEMENTS

NOTE G - PENSION PLAN(continued)

SPECIFIC PROVISIONS

(b) Nonelective Contributions:

(i) For any calendar year, instead of making matching contributions, the Employer may make nonelective contributions equal to 2% of compensation for the calendar year to the account of each eligible employee who has a least \$ 5,000 in compensation for the calendar year. No more than \$220,000 in compensation can be taken into account in determining the nonelective contribution for each eligible employee.

(ii) For any calendar year, the Employer may make 2% nonelective contributions instead of matching contributions only if:

(1) Each eligible employee is notified that a 2% nonelective contribution will be made instead of a matching contribution and

(2) This notification is provided within a reasonable period of time before the employees' 60-day election period for the calendar year.

4. Other than its contribution made to the participants' accounts and recorded as expenditures, the district does not guarantee benefits under the plan.

5. All amounts are maintained in each individual's account administered by a brokerage firm.

6. Other regulations governing options such as premature withdrawals and contribution rates, etc. are specified in the original contract.

The total payroll for the year ended June 30, 2007 was \$662,463 of which \$499,633 was covered by the plan. The district's contribution was \$14,989(3% of covered payroll). Employee contributions to the plan amounted to \$32,541.

The total payroll for the year ended June 30, 2006 was \$565,324 of which \$390,500 was covered by the plan. The district's contribution was \$11,715(3% of covered payroll). Employee contributions to the plan amounted to \$25,951.

The total payroll for the year ended June 30, 2005 was \$435,656 of which \$345,875 was covered by the plan. The district's contribution was \$10,376(3% of covered payroll). Employee contributions to the plan amounted to \$19,877.

NOTE H-JUDGMENTS, CLAIMS AND SIMILAR CONTINGENCIES

There is no litigation pending against the district that is required to be disclosed in accordance with Statement of Financial Accounting Standards No. 5.

NOTE I - RISK MANAGEMENT

The District is exposed to various risks of loss related to workers compensation; torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. No settlements were made during the year that exceeded the District's insurance coverage.

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH  
NOTES TO FINANCIAL STATEMENTS

**NOTE J**

**ACCOUNTS PAYABLE:**

Accounts payable at June 30, 2007 consisted of the following:

Accounts payable	\$ 18,240
Payroll liabilities	28,897
Compensated absences	<u>58,791</u>
	<u>\$105,928</u>



**REQUIRED SUPPLEMENTARY SCHEDULE**

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH  
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND  
SCHEDULE I

For the year ended June 30, 2007

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<u>REVENUES</u>			
Ad valorem taxes	\$2,049,080	\$2,263,037	\$ 213,957
Intergovernmental	26,500	192,949	166,449
Interest income	106,000	158,472	52,472
Miscellaneous	<u>20,000</u>	<u>24,967</u>	<u>4,967</u>
Total revenues	<u>2,201,580</u>	<u>2,639,425</u>	<u>437,845</u>
<u>EXPENDITURES</u>			
Public safety:			
Current:			
Salaries and related benefits	742,700	726,243	16,457
Professional services	9,500	5,828	3,672
Collection expense	69,840	71,819	( 1,979)
Insurance	300,000	291,525	8,475
Dues and subscriptions	2,000	1,737	263
Repairs and maintenance	100,000	113,045	( 13,045)
Supplies	35,000	37,252	( 2,252)
Telephone	20,000	21,714	( 1,714)
Travel and schooling	25,000	16,495	8,505
Utilities	50,000	47,870	2,130
Uniforms	19,000	17,140	1,860
Radio and contracts	18,000	10,508	7,492
Equipment – expendables and repair	20,000	24,183	( 4,183)
Physicals	1,800	1,421	379
Fuel	30,000	23,438	6,562
Miscellaneous	30,000	29,201	799
Capital outlay	<u>2,872,940</u>	<u>998,317</u>	<u>1,874,623</u>
Total expenditures	<u>4,345,780</u>	<u>2,437,736</u>	<u>1,908,044</u>
Excess (deficiency) of revenues over expenditures	(2,144,200)	201,689	2,345,889
Fund balances - July 1	<u>2,219,200</u>	<u>4,210,971</u>	<u>1,991,771</u>
Fund balances - June 30	<u>\$ 75,000</u>	<u>\$ 4,412,660</u>	<u>\$ 4,337,660</u>

See accompanying notes to financial statements.

OTHER SUPPLEMENTARY SCHEDULE

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH  
SUPPLEMENTARY SCHEDULE  
SCHEDULE II  
PER DIEMS PAID COMMISSIONERS

For The Year Ended June 30, 2007

	<u>NUMBER OF MEETINGS</u>	<u>AMOUNT</u>
Kim Breaux	6	\$ 180
Laurence Mounic	10	300
Randy Richeaux	10	300
Gene Griffin	10	300
Morris Guidry	<u>10</u>	<u>300</u>
Total	<u>46</u>	<u>\$ 1,380</u>

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners  
Fire Protection District No. 3  
of Lafourche Parish

I have audited the financial statements of the governmental activities, and each major fund of FIRE PROTECTION DISTRICT NO. 3 of LAFOURCHE PARISH, component unit of Lafourche Parish, as of and for the year ended June 30, 2007, which collectively comprise the Fire Protection District No. 3 of Lafourche Parish's basic financial statements and have issued my report thereon dated December 19, 2007. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered **FIRE PROTECTION DISTRICT NO. 3 of LAFOURCHE PARISH's** internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH's** internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the **FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH'S** internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the **FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH's** ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the **FIRE PROTECTION DISTRICT NO.3 OF LAFOURCHE PARISH's** financial statements that is more than inconsequential will not be prevented or detected by the **FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH's** internal control.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
(continued)

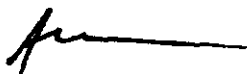
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the **FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH's** internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **FIRE PROTECTION DISTRICT NO. 3 of LAFOURCHE PARISH's** financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the Board of Commissioners, management, federal and state awarding agencies and pass-through agencies and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Aldon G. Wahl, Jr.  
Certified Public Accountant

December 19, 2007

**FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH**

**SCHEDULE OF FINDINGS AND QUESTIONED COST  
FOR THE YEAR ENDED JUNE 30, 2007**

I have audited the financial statements of the governmental activities and each major fund of the Fire Protection District No. 3 of Lafourche Parish as of and for the year ended June 30, 2007, and have issued my report thereon dated December 19, 2007. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of June 30, 2007 resulted in an unqualified opinion.

**SECTION I – SUMMARY OF AUDITOR’S REPORTS**

**A) Report on Internal Control and Compliance material to the Financial Statements:**

Internal control:

Material Weakness – **NO**  
Significant Deficiency - **NO**  
Other Conditions - **NO**

Compliance:

Noncompliance Material to the Financial Statements - **NO**

**B) Federal Awards**

The Fire District received no federal awards for the year ended June 30, 2007.

**SECTION II FINANCIAL STATEMENT FINDINGS**

There were no financial statement findings for the year ended June 30, 2007.

**SECTION III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

Not applicable.

**SECTION IV MANAGEMENT LETTER**

A management letter was not issued in connection with the audit for the year ended June 30, 2007.

REPORTS BY MANAGEMENT



**FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH**

**SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2007**

**SECTION I – INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE  
FINANCIAL STATEMENTS**

Reference number 2006-01 (FY 6/30/06) Expenses associated with the firemen's awards banquet.  
Corrective action was taken.

**SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO  
FEDERAL AWARDS**

Fire Protection District No. 3 did not receive federal awards during the year ended June 30, 2006.

**SECTION III MANAGEMENT LETTER**

A management letter was not issued in connection with the audit for the year ended June 30, 2006.

**FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH**

**MANAGEMENT'S CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED JUNE 30, 2007**

**SECTION I – INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE  
FINANCIAL STATEMENTS**

There were no current year findings

**SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO  
FEDERAL AWARDS**

Fire Protection District No. 3 did not receive federal awards during the year ended June 30, 2007.

**SECTION III MANAGEMENT LETTER**

A management letter was not issued in connection with the audit for the year ended June 30, 2007.